

AMENDED IN SENATE AUGUST 8, 2000

AMENDED IN SENATE JUNE 27, 2000

AMENDED IN ASSEMBLY MAY 2, 2000

AMENDED IN ASSEMBLY APRIL 13, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2070

Introduced by Assembly Member Shelley

February 22, 2000

An act to add Chapter 6.9 (commencing with Section 51349.5) to Part 3 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2070, as amended, Shelley. Teachers Homebuyer Assistance Program.

Existing law creates the California Housing Finance Agency with specified powers and duties relating to meeting the housing needs of persons and families of low or moderate income. Existing law also contains provisions for assisting members of the State Teachers' Retirement System to obtain home loans.

This bill would enact the Teachers Homebuyer Assistance Program, which would be administered by the California Housing Finance Agency to provide home loan assistance for teachers employed in low performing challenge schools.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 6.9 (commencing with Section 51349.5) is added to Part 3 of Division 31 of the Health and Safety Code, to read:

CHAPTER 6.9. TEACHERS HOMEBUYER ASSISTANCE
PROGRAM

51349.5. The Legislature finds and declares all of the following:

(a) Attracting and retaining fully qualified teachers is of paramount importance to ensuring that pupils have fair access to a quality education and a fair chance to succeed academically. This is especially critical for schools with the greatest number and percentage of pupils with the most acute educational needs, who predictably may score lowest on academic achievement examinations.

(b) A high priority should be placed on attracting and retaining quality teaching professionals who have demonstrated exemplary teaching ability, who serve in hard to staff schools, and who live in high cost areas.

(c) Teachers face housing problems that exacerbate school districts' efforts to attract and retain qualified teachers. Many cannot afford to live in the communities in which they teach, making it difficult for them to become active members of their school's community. Providing opportunities for teachers to participate in after-school activities, from tutoring to coaching, benefits the children and community in which the teacher is employed.

(d) From 1999 through 2007, it is estimated that approximately 227,000 new teachers will need to be hired to meet the demand generated by California's growing student population, and to replace those leaving through attrition and retirement.

1 51349.6. As used in this chapter:

2 (a) “Low performing challenge school” means a
3 public school or county office of education school or
4 program whose most recent score on achievement tests
5 administered pursuant to Section 60640 of the Education
6 Code is below the 50th percentile, or that currently has
7 in excess of 5 percent of its teachers teaching with an
8 emergency teaching permit.

9 (b) “Teacher” means a person who is currently
10 employed as a full-time teacher in a low performing
11 challenge school and who is certified in the state in the
12 subject field or grade level for which the teacher is
13 employed.

14 (c) “Termination of employment” means that for
15 whatever reason, the borrower is no longer meeting each
16 of the elements of the definition of a “teacher” at any time
17 during the first five years immediately following the date
18 of recordation of the subordinate mortgage loan deed of
19 trust. However, it shall not be considered “termination of
20 employment” if the borrower is still employed at the
21 same school at the time of recordation of the subordinate
22 mortgage loan, but that school is no longer considered a
23 low performing challenge school, or if the borrower
24 accepts a teaching position at another public school and
25 his or her departure from the low performing challenge
26 school was involuntary. The agency may establish
27 guidelines for consideration of hardship cases in which it
28 may waive this five-year continuous employment
29 requirement.

30 51349.7. (a) ~~The~~ *To the extent funding is*
31 *appropriated in the annual Budget Act for the purposes*
32 *of this chapter, the* department shall contract with the
33 agency for the administration of the program established
34 by this chapter. ~~The~~ *To the extent that a contract is in*
35 *place between the department and the agency for this*
36 *purpose, the* agency shall administer this program and
37 allocate funds in accordance with the agency’s authority
38 as set forth in this part. The purpose of this program is to
39 provide down payment assistance to teachers for

1 purchasing residences within the jurisdiction in which
2 they are employed.

3 (b) The maximum down payment assistance to a
4 teacher under this chapter shall be determined by the
5 median home price in the county where the teacher is
6 employed, as follows:

7 (1) Any teacher employed in a county with a median
8 home price over three hundred thousand dollars
9 (\$300,000) shall be eligible for maximum down payment
10 assistance of twenty thousand dollars (\$20,000).

11 (2) Any teacher employed in a county with a median
12 home price from one hundred fifty thousand dollars
13 (\$150,000) to three hundred thousand dollars (\$300,000),
14 inclusive, shall be eligible for maximum down payment
15 assistance of fifteen thousand dollars (\$15,000).

16 (3) Any teacher employed in a county with a median
17 home price below one hundred fifty thousand dollars
18 (\$150,000) shall be eligible for maximum down payment
19 assistance of ten thousand dollars (\$10,000).

20 (c) Assistance under this chapter shall be in the form
21 of a deferred-payment, low-interest subordinate
22 mortgage loan with a term not longer than the term of the
23 first mortgage loan. Interest on this subordinate
24 mortgage loan shall accrue at a rate of up to 5 percent per
25 annum.

26 (d) The borrower's obligation to repay the loan shall
27 be evidenced by a lien consisting of a deed of trust,
28 subordinate in priority to the borrower's first mortgage
29 loan financing required to purchase the property. If the
30 borrower continuously meets the qualifications specified
31 in subdivision (b) of Section 51349.6 for the five-year
32 period immediately following the date of recordation of
33 the subordinate mortgage loan deed of trust, and there
34 has been no termination of employment, repayment of
35 the subordinate mortgage loan shall be forgiven and
36 considered a grant so long as the borrower produces
37 employment records, to the agency's satisfaction, that the
38 conditions specified in subdivision (b) of Section 51349.6
39 have been continuously met during that five-year period.

(e) Repayment of the principal and accrued interest shall be due and payable at the earlier of the following events: (1) sale of the residence, (2) the borrower's failure to continuously occupy the residence in accordance with subdivision (c) of Section 51349.8, or (3) satisfaction of the first mortgage loan. In no event shall this loan be assumable.

(f) In the event of termination of employment by the borrower within the first five years following recordation of the subordinate mortgage loan deed of trust, the borrower shall be obligated to repay to the agency, in addition to other amounts due on the loan, the pro rata amount of principal and accrued interest on the loan that directly relates to the period of time within that five-year period in which the borrower failed to satisfy those elements contained in subdivision (b) of Section 51349.6. In order to qualify for any pro rata forgiveness of repayment of the loan, the borrower shall produce employment records to the agency's satisfaction that all of the conditions specified in subdivision (b) of Section 51349.6 have been met for the period in which the pro rata forgiveness of loan is sought. If the borrower produces evidence acceptable to the agency that the borrower has satisfied all of the requirements specified in this section to qualify for forgiveness of the loan in total, the agency shall execute any documents that may be necessary so that the borrower may clear title.

51349.8. In order to qualify for a loan under this chapter the borrower and the residence being financed shall meet the following criteria:

(a) The borrower shall qualify as a teacher.

(b) The borrower's household income shall be in conformance with the agency's published guidelines, and in any event shall not exceed that specified in Section 143 of Title 26 of the United States Code.

(c) The residence financed under this chapter shall be continuously occupied by the borrower as his or her principal residence for at least five years following the recordation of the deed of trust securing the subordinate mortgage loan. If the borrower fails to meet this

1 condition, the principal and accrued interest of the loan
2 shall become immediately due and payable.

3 (d) The residence being financed shall be a
4 single-family residence, condominium, or manufactured
5 home located within the boundaries of the school district
6 or jurisdiction of the county superintendent of schools
7 that employs the borrower.

8 51349.9. The agency shall have all of the powers
9 conferred upon it by this division in administering this
10 chapter.

